



## The American Recovery and Reinvestment Act Impact on Nebraska

*Senator Ben Nelson worked with a bipartisan group of nearly 20 Senators to better focus The American Recovery and Reinvestment Act on tax cuts for the middle class and job creation for millions of Americans. Senator Nelson led the group to go through the initial bill line by line, dollar by dollar, to reduce spending and cut out \$108 billion of inefficient or less-stimulative spending.*

*As Senator Nelson says, "We trimmed the fat, fried the bacon, and milked the sacred cows. The remaining bill consists of tax cuts for the middle class and specific job-creating investments providing long-lasting economic benefits."*

*"In Nebraska, our state unemployment is up, income is down, thousands of Nebraskans have recently been laid off and new layoff announcements arrive with a steady flow of bad news. If Congress delayed taking action at this time, today's problems in Nebraska and nationally could have become far worse, plunging us into a severe depression. I'd note that the bill was endorsed by the Omaha Chamber of Commerce, the U.S. Chamber of Commerce, the National Governors Association, and educational institutions, agricultural groups and others in Nebraska.*

*"Of course, increasing the federal deficit is concerning. This administration, though, inherited both a large deficit from years of runaway spending and borrowing, and the financial crisis all elected officials had to work together to solve. This bill will put people back to work and keep them on the job, and the regular taxes they pay will help pay off the bill's cost as our country returns to economic prosperity."*

### What The American Recovery and Reinvestment Act Means for Nebraska

#### TAX RELIEF AND INCENTIVES FOR FAMILIES AND SMALL BUSINESSES

According to the White House and Senate Committee on Finance, the following are examples of tax provisions in the American Recovery and Reinvestment Act of 2009 that will help Nebraska businesses and families:

- Up to **\$400 for workers (or \$800 for married couples)** in the new Making Work Pay Tax Credit for **710,000** workers and their families.
- **\$250** to Social Security beneficiaries, SSI recipients, and disabled veterans.
- **\$2,500 for 17,000 additional families in Nebraska** that will qualify for the new American Opportunity Tax Credit that makes college more affordable.
- Extended and increased **Homebuyer Tax Credit** to both help aspiring homeowners and stabilize plummeting home prices.

- Extended **Bonus Depreciation and Small Business Expensing** through 2009, allowing businesses that make capital investments to immediately deduct one-half the cost. Small businesses can immediately deduct 100 percent of the cost of these investments.
- The bill will protect **90,000** Nebraskans from the Alternative Minimum Tax, representing thousands of dollars in additional income taxes.

### **\$1.1 BILLION FOR NEBRASKA JOBS, INVESTMENTS AND ECONOMIC AID**

The American Recovery and Reinvestment Act of 2009 will create or save 3.5 million good-paying jobs nationally over the next two years, more than 90 percent of which will be in the private sector. According to the White House, **23,000 of these jobs will be in Nebraska**. Many economists say that without swift action job loss and unemployment could get much worse. Getting America back to work is the first step on the road to economic recovery and long-term competitiveness and prosperity.

**Infrastructure and science.** To put people back to work and create a lasting investment in our country, the American Recovery and Reinvestment Act included a strong commitment to addressing the nation's infrastructure needs. The following are some of Nebraska's allocations in infrastructure and science:

- **\$40 million** for the Clean and Drinking Water State Revolving Funds to address the backlog of water infrastructure needs in the State.
- **\$258 million** in Highway and Transit Funding to upgrade Nebraska's roads, bridges and transit infrastructure.
- **\$32.5 million** for public housing agencies, and state/local governments to address capital construction and renovation needs of the public and affordable housing sector, and for homelessness assistance.

**Education and Training in Nebraska.** The American Recovery and Reinvestment Act invests in education to provide job training to help workers compete and create opportunities to enhance Nebraska's future. Among benefits for Nebraska:

- **\$233.3 million** through the State Fiscal Stabilization Fund to local school districts and public colleges and universities in addition to incentive grants as a reward for meeting key education performance measures, and funding for public safety and other critical services, which may include education.
- **\$136.2 million** for states and localities for special education, technology upgrades in Nebraska's schools, and to help close the achievement gap in schools that are striving to reach their full potential.
- **\$13.6 million** in employment and vocational training services and programs.

According to the White House, this funding will modernize at least **412 schools in Nebraska**. The bill includes more Pell Grants for the **35,000 Pell Grant recipients** in Nebraska.

**Nebraska's Energy.** The American Recovery and Reinvestment Act of 2009 will invest in clean, efficient, American energy. Among benefits for Nebraska:

- **\$30.8 million** through the State Energy Program.
- **\$42.7 million** through the Weatherization Assistance Program.

**Protecting the Vulnerable in Nebraska.** The American Recovery and Reinvestment Act of 2009 will ensure that the most vulnerable Americans are not overlooked during the economic downturn. Among benefits for Nebraskans:

- **\$84.7 million** for food and nutrition assistance for Nebraska's children, elderly and low income.
- **\$15.5 million** for child care grants and early child care education.
- **\$7 million** in Community Services Block Grants to local community action agencies for services such as housing and mortgage counseling, jobs skills training, food pantry assistance, as well as benefits outreach and enrollment.

**Law Enforcement in Nebraska.** The economic recovery package will help Nebraska's law enforcement minimize job loss and programming cuts. Among highlights Nebraska will receive to aid in law enforcement:

- **\$15.45 million** for law enforcement officers, crime victims services and enforcement programs focused on internet crimes against children.

#### **Extended Unemployment Insurance for Nebraska**

Unemployment in Nebraska stood at 4 percent in December 2008. The Department of Labor estimates that Nebraska could receive **\$43.9 million** in funding if Nebraska fully enacts the UI modernization incentives that the legislation would provide.

#### **Fiscal Relief for Nebraska Through FMAP**

Rising unemployment rates mean that more people are losing their health insurance and relying on Medicaid to maintain coverage. The economic recovery package provides federal matching funds to help states, like Nebraska, maintain their Medicaid programs. Nebraska will receive **\$273.8 million** that will help the state avoid cutting eligibility for Medicaid and maintain the services available to recipients.